

City of Miami Gardens  
Department of Community Development

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Substantial Amendment to  
Third Program Year Action Plan  
2008-2009

Neighborhood Stabilization Program

# **THE NSP SUBSTANTIAL AMENDMENT**

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| Jurisdiction(s):<br><b>City of Miami Gardens</b>  | NSP Contact Person: <b>Daniel A. Rosemond,</b><br><b>Director</b>                                 |
| Jurisdiction Web Address:<br><b><u><a href="http://www.miamigardens-fl.gov/cd">www.miamigardens-fl.gov/cd</a></u></b><br>(URL where NSP Substantial Amendment materials are posted) | Address: <b>1515 NW 167 Street</b><br><b>Bldg. 5, Suite 200</b><br><b>Miami Gardens, FL 33169</b> |
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## ***A. AREAS OF GREATEST NEED***

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

**Note:** An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction's consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State's own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions' consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity's own plan.

HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult this data [LINK – to HUD USER data], in developing this section of the Substantial Amendment.

### **Response:**

**Foreclosures in the City of Miami Gardens are prevalent throughout the City. According to HUD data, the foreclosure rate for the City is 12.4 %. 3,654 foreclosures were identified in the City during an 18-month period ending June 2008. These geographic areas are consistent with the areas of greatest need that were included in the FY 2006-2011 Consolidated Plan. The green shaded areas map<sup>1</sup> below shows how widespread foreclosure cases are throughout the City.**

**In researching foreclosures in Miami Gardens, City staff found that no particular area was found to be exempt from the foreclosure crisis. However, a higher number of foreclosures were found in areas already identified as having low- to moderate income population including the area of Bunche Park which has been designated as a Neighborhood Revitalization Strategy Area. Other areas include, but are not limited to Brentwood, Kings Gardens, Lake Lucerne, Myrtle Grove, Norland, Rainbow Park and Scott Lake.**

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<sup>1</sup> Provided by Miami-Dade County Planning and Zoning. Source Realtytrac

Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures. **Note:** The grantee's narrative must address these three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

The City of Miami Gardens proposes to utilize the NSP Funds allocated to it by carrying out the activities represented in the following chart. Activity details are provided below.

| <b>Activity</b>   | <b>Amount</b>         |
|---|-----------------------|
| Purchase and rehab of foreclosed properties for rental to HH earning up to 50% of AMI | \$1,716,529.70        |
| Demolition of abandoned housing units   | \$130,000.00          |
| Purchase of foreclosed properties for resale  | \$2,000,000.00        |
| Rehab of units for resale   | \$957,977.42          |
| Subsidy assistance for buyers of purchased properties                                 | \$1,375,000.00        |
| Program Administration  | \$686,611.90          |
| <b>Total NSP Funds Allocated</b>  | <b>\$6,866,119.02</b> |

1. **25% of Funds to be provided to households earning less than 50% of A.M.I. (\$1,716,529.70):** In a January 2008 presentation to Governor Crist, by the Department of Children & Families' Committee on Health Families, it was reported that as of December 21, 2007 there were 3,941 youth, ages 18 to 23 that would be potentially eligible for the Road to Independence program that provides assistance to youths that are transitioning out of the Foster Care program. The City proposes an activity that will be targeted at providing permanent housing for individuals that are aging out of the state's Foster Care Program. With these funds, the proposed activity will include the purchase of single family homes that have been foreclosed upon and abandoned. These homes will then be rehabilitated and used as rental units for the target population. The City anticipates utilizing an experienced developer to carry out this activity on the City's behalf. The developer will be selected through a formal solicitation process and will hold title to the properties purchased. The properties will contain a restrictive covenant to ensure that their use is in accordance with the sub-recipient agreement that will be executed with the selected developer.
2. **Demolition of abandoned and boarded up housing units (\$130,000):** Through the City's Code Enforcement Department, approximately 26 single family units have been identified as blighted structures that in violation of Florida Building Codes. These units (none of which are homestead properties) have gone thru the Special Masters process and deemed eligible for demolition. They have amassed a large number of code enforcement liens that in many instances exceed the property value. As part of the NSP, we believe demolition of these properties will serve to eliminate eyesores to the neighborhoods and should serve to stimulate new home purchases if demolished.
3. **Purchase of foreclosed properties (\$2,000,000):** The City proposes to purchase a number of single family housing units in the target neighborhoods identified previously. The criteria for purchasing these units will include (but not be limited to) purchase price below appraised value, location of housing unit, condition of the housing unit, size/amenity desirable to interested buyers. The City anticipates carrying out this activity in one of two ways. 1) City will utilize the services of

licensed realtors to negotiate with lenders holding mortgages on these properties and will execute the purchase transaction directly. 2) City will execute a sub-recipient agreement with a developer (for profit or not for profit) to act on the City's behalf to purchase properties that meet the above established criteria.

4. **Rehabilitation of purchased properties (\$975,977.42):** It is the objective of the NSP that these funds be utilized with the primary intent to bring stabilization to the distressed housing market. To that end, the City anticipates purchasing several housing units that will be ultimately sold to eligible buyers. However, based on market data, it is an expected condition that properties that have been foreclosed and abandoned are in need of rehabilitation to either meet minimum building code (or housing quality standards- HQS), or to make them aesthetically desirable to the potential buyers. Therefore, this activity proposes utilizing the allocated funds to carry out the rehab activities. Depending on the most expedient manner, the City may choose to administer the individual rehabilitation projects directly or utilize a developer to perform the rehabilitation work on properties that have been purchased.
5. **Subsidy assistance for buyers (\$1,375,000):** An essential component of homebuyer programs is subsidy. This is especially critical when targeting household incomes that cannot exceed 120% of A.M.I. The City anticipates making the allocated amount available to eligible buyers that need the subsidy in order to make the purchase transaction feasible. The amount of per unit subsidy will not exceed \$55,000, which is well below the levels allowed under HOME regulations, as per Section 206A. The City proposes that its subsidy assistance be in the form of a 15 year forgivable mortgage loan with a recapture provision.
6. **Program administration (\$686,611.90):** In accordance with HUD's notice governing the use of NSP Funds, grantees may use up to 10% of its allocation for general program administration costs. This activity will include things like advertising, homebuyer counseling, and program staffing.

### ***C. DEFINITIONS AND DESCRIPTIONS***

(1) Definition of "blighted structure" in context of state or local law.

Response:

**Blighted structure:** A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.

**Abandoned:** A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.

(2) Definition of “affordable rents.” **Note:** Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability.

Response:

**The City will apply the maximum rent levels as published by the HUD annually and will ensure that any housing provided through this initiative is affordable.**

**Affordable in this category is defined as monthly rents or mortgage payments including taxes and insurance that do not exceed 30 percent (30%) of the maximum monthly income allowed for the applicant’s income category as indicated in Sections 420.9071 (19), (20) and (28), F.S. However, the City will not limit an individual household’s ability to devote more than 30% of its income for housing, if the first mortgage lender is satisfied that the household can afford mortgage payments in excess of the 30% benchmark.**

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response:

**In relation to rental housing, the City will ensure that rents do not exceed the rental limits adjusted for bedroom size as defined by the Florida Housing Finance Corporation. This will be done thru the required sub-recipient agreements with the entity(ies) that will carry out the proposed housing units that will be rented to individuals earning less than 50% of A.M.I.**

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response:

**Housing rehabilitation standards for NSP activities will be consistent with the City’s existing Housing Policy which includes an inspection of the property by a licensed inspector for Housing Quality Standards (HQS) and compliance with current building codes. Rehabilitation will be performed by licensed contractors that have been certified and approved by the City to work on HUD funded projects.**

#### ***D. LOW INCOME TARGETING***

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income: **\$1,716,529.70.**

**Note:** At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Response:

**The City of Miami Gardens will allocate \$1,716,529.70 (25% of the total funds) for the purchase and rehabilitation of ten (10) to fifteen (15) foreclosed upon properties for the purpose of providing rental homes for households and individuals earning less than 50% of area median income. The City intends to convey the properties to an eligible developer with a restrictive covenant placed on the land to ensure the desired use. The City proposes an activity that will be targeted at providing permanent housing for individuals that are aging out of the state's Foster Care Program.**

#### ***E. ACQUISITIONS & RELOCATION***

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e.,  $\leq 80\%$  of area median income).

If so, include:

- The number of low- and moderate-income dwelling units—i.e.,  $\leq 80\%$  of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e.,  $\leq 120\%$  of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

Response:

**The City has identified twenty-six (26) properties that are currently abandoned and/or boarded-up with extensive code liens that will be included in the NSP program. \$130,000 will be allocated for the demolition of these properties. Other considerations for demolition activities include structures that are deemed blighted as well as non-Homestead properties.**

**The City intends to purchase and rehabilitate twenty (20) to twenty-five (25) single-family units for resale to eligible buyer with income of no more than 120% of area median income. The resale of these will be sold to owner/occupants only. The City also proposes to provide a subsidy program that would provide a maximum of \$55,000, depending on the affordability needs of the buyer. Other terms of the subsidy program include, but are not limited to a 15-year secured mortgage. No repayment would be required unless property is sold, rented or transferred prior to completion of affordability period, zero interest, no monthly repayment. Eligible buyers would also be required to attend an 8-hour Homebuyer Course.**

**Ten (10) to fifteen (15) foreclosed upon properties will be converted for the purpose of providing rental homes for households and individuals earning less than 50% of area median income. The target population for this activity will be individuals that are aging out of the state's Foster Care Program with the purpose of providing permanent housing.**



**The City intends to convey the properties to an eligible developer with a restrictive covenant placed on the land to ensure the desired use.**

***F. PUBLIC COMMENT***

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Response:

**No written comments were received during the 15-day comment period ending on November 6<sup>th</sup>. The proposed uses of funds were advertised on the City's website as well as in the newspaper of population circulation. Additionally, the Department of Community Development hosted a City Council workshop/public hearing on October 30, 2008, at which time public comments were also received. Below is a summary of comments and questions during this meeting.**

**Public Comment:**

One of the comments that came up is that the purchase price has to be less than the market value. Don't you think that this will have a contradiction with the supply and demand rule of our system?

**Community Development response:**

The NSP requirements state that the homes have to be purchased at less than the appraised value. And there's a big difference between the appraised value and the market value. The HUD notice requires grantees to do is to purchase the properties below the appraised value, and the appraisal has to be conducted within 60 days of the purchased transaction.

NSP is specifically targeted for abandoned and foreclosed properties. HUD is very restrictive in terms of what the monies can be used for. The City does have CDBG funds that are being used to address infrastructure improvements throughout the City in three distinct neighborhoods. Those are things that we are already addressing, but it is separate and apart from this particular program, because these funds are specifically targeted to addressing the foreclosure and abandoned properties.

**Public Comment:**

Who's going to manage these properties?

**Community Development Response:**

Once the City purchases the properties, we will obviously have to manage the properties during the time that they're being rehabilitated and prepared for resell. That is included as part of the administration amount. The rehabilitation will encompass the factors that will require the property to bring it up obviously to make sure that it meets Florida Building Code, but it also addresses needs to make the property attractive to the end user. So we have to balance exactly



what those items are. So one of the considerations for us in terms of looking at the properties that we purchase is, the amount of money that we may need to invest in that particular property.

**Public Comment:**

Have you all selected a group that will negotiate to buy, the lenders of these foreclosed properties? We've been talking to a number of lenders about the different programs in different cities. Quite a few of them are willing to negotiate significantly on the prices for purchase of the property.

**Community Development Response:**

We have not made a decision in terms of how or who the group is that will help us in terms of the negotiation. That is part of the administrative process. We certainly are going to engage professionals in the real estate industry to help us with that, because we do need to take into account if we buy a property at 100,000, when everything else on that block is at 200,000, then it's going to devalue the rest of the neighborhood, and we certainly don't want to do that. At the same time, we don't want to pay 200,000, because if we're trying to sell the property for people that are at 120% or below, we're going to have to invest more than the \$55,000 in subsidy in order to be able to get people qualified. The information here is intended to just give the audience something simple enough to be able to get kind of their heads around it, but it doesn't go into all the nuances involved in terms of the decisions that need to be made, because they're very, very complicated, and we understand that. We don't have the flexibility beyond what HUD has given us the parameters to operate under.

Now part of our consideration has to be, are there other properties on that block, in that neighborhood, that are around that same price point so that it does not devalue the other properties. And so those are the considerations, in addition to whether or not the person that will buy it, whether they can actually qualify for a mortgage of 130,000 if they're at that 120% of AMI, correct. There's a lot of moving parts to this, and a lot of things depend on something else. One of the things that is of serious consideration is that right now several banks have properties in the City. They're asking for amounts that seem to be out of whack with what the market conditions seem to indicate. And when we begin those negotiations, we don't know whether the banks are going to bend or move from that. That is going to be a real challenge for us. And we're going to have to look at that, and make those decisions very, very quickly, because if we are not able to make progress with that, we quickly have to let HUD know that activity of purchasing properties may not be something that we choose to carry out because the banks are unwilling to negotiate based upon the terms that HUD has given us.

That's where the subsidy comes in, because what we're attempting to do is to make sure the purchase price does not devalue the rest of that neighborhood. So if in fact the total investment on the part of the City happens to be 150,000, but that individual that needs to buy it can only qualify for 100,000, the City would provide a second mortgage subsidy to be able to keep the purchase price at 150, but they only have to qualify for \$100,000 mortgage. And so it helps the individual buyer, but it doesn't hurt the other folks in that neighborhood in terms of the value of their property.

**Public Comment:**

How will the City identify potential buyers for this program? What will be the qualification requirements?

**Community Development Response:**

The NSP requires that the individual's income, the household income cannot exceed 120% of AMI. That is standard now. In terms of who buys or who utilizes, that really is an open process. What our office has done, is that we have begun to build what we call a home buyers pool. We sent out a flyer letting people know that we are looking for home buyers, and we've done it by sending that out to the two universities that are in the City, to several of the public schools, which I know that there are several teachers that are still renting and are looking to buy. So we tried to cover all of the bases in terms of the individuals that are looking to buy, really from the standpoint of trying to identify the interested buyers. We think that it is a great opportunity for, as you mentioned, younger couples, the younger professionals that are at a point where their income is not great, and this is a great opportunity. We've also done that with City employees. We instituted some activities to help them get engaged in being able to see if they can actually follow through on the process of being ready to be home buyers.

**Public Comment:**

Is there any provision for disabled or say some of the Section 8 folks who are moving into homeownership program?

**Community Development Response**

There isn't a specific provision in the NSP program for that particular population. HUD is very, very particular about. When we talk about targeting, a particular demographic or a particular condition, whether it's younger or older or whatever, it's very dangerous, because there are some residents who may say, well, I don't want a lot of young people living in my neighborhood, and others folks may say I don't want a lot of older folks living in my neighborhood. What HUD is addressing is the issue of income. That is what the provision is in this program, its income driven. What we have done as a local grantee is to reach out. Our home buyer pool is not exclusive or not targeted. So we've pretty much blasted that information so that anyone who is interested in becoming a home buyer is able to apply as long as they meet the income eligibility. That is the only requirement in the program, that you be income eligible in order to participate as a person who will be a recipient of the properties that the City would purchase and/or the subsidies needed to make that purchase transaction.

**Public Comment:**

I heard a comment about the concern that by purchasing these homes below fair market value, it could reduce the property values. The alternative is to do nothing would basically have a home sitting there empty, grass getting overgrown. So you have to think about the alternative. It's something that's going to have to be addressed. Consider the alternative, which is, an empty home that sits there for a year. We all know what starts to happen. It's not very attractive.

**Public Comment:**

About the Homebuyer Pool survey, is this open to other people in the neighborhood? Do you have to be at 120% of AMI to qualify for one of the homes? Will the participants in the homebuyer pool have any type of credit repair?

**Community Development response:**

It's open to anyone that wants to buy. If you want to utilize the NSP program funds you cannot exceed that. So you had six people in the home, the maximum income for that household cannot exceed 83,880. The preparation of the home buyer, for example home buyer counseling, is built into everything that we'll do. Whether we utilize a non-profit, or whether we utilize different mechanisms, it's still something that we have to determine. That is part of our administrative process. But obviously we want to make sure that the individuals that come in and become home owners through this program, stay in their home. We want to make sure that individuals go through home buyer counseling and the adequate credit repair and preparing them for that decision.

The purpose of the survey is to know how many interested buyers we have. We're projecting to buy anywhere from 20 to 25 properties. Based upon our experience, in order to get someone to buy, we need to have four or five individuals for every one house, because things will typically happen, the person will qualify, they'll change their mind, their job will change, any number of things. So in order for us to be able to sell 20 to 25 units, we have to have about a 100 people essentially that are ready to purchase based upon the numbers that I just shared with you.

**Public Comment:**

How many people are going to be assisted with the six million dollars? How many homes are going to be purchased? Are you able to take a portion of that 6 million dollars and establish an ongoing homeownership, financial literacy component?

**Community Development response:**

Approximately 45 to 50 houses will be rehabbed with the NSP funding, depending on what amount the homes are purchased for. Financial Literacy is done through our regular CDBG. The City is an entitlement city, and we have programs for that purpose. The issue of financial literacy has been in discussions in my office for several months. The Mayor and I have talked about that for the last two years. That is an issue that we have certainly felt important, and we want to structure the program correctly. It has to be curriculum based, not an eight-hour course that you can just come in and learn to make good financial decisions. We've tried to identify the right partner. We're not there yet. To answer your question, we cannot use these program funds for that purpose. But that is something that we can and are committed to doing through our regular CDBG allocation.

**Comment (Council Member):**

If we have a family that's in foreclosure and they meet the income requirements, can we allow that house to be foreclosed, buy the house from the bank? Could we buy the house from the bank and sell it back to the family with an instrument that they could actually use?

**Community Development Response:**

I don't believe it allows for that purpose. However, there is another program which has not been that publicized, it's a Hope IV Homeowner Program, which is essentially to restructure an existing loan. It's an HFA product and the lender has to be willing to allow that restructure. They do have to take a loss on that particular mortgage, but they can restructure that existing loan. But I don't believe that in the NSP, that there's a provision to allow that to deliberately happen to then make that person go back. And there's a commonsensical reason why it won't happen, because if you have allowed that to go into foreclosure, you're not able to get a loan, because now you have blemished credit in terms of that, so it will preclude you just by the very nature of the process from getting a new loan, even with significant subsidies.

**Comment: (Council Member)**

Do we know what percentage of homes in Miami Gardens has been foreclosed on? And of the homes that were foreclosed on, do we know what percentage of them were family based and what percentage are actual investors?

**Community Development Response:**

I do not have that number. That is one of the research functions that we'll do through our realtors, and we'll have that distinction made from owner occupied and investment homes. Those are all things that we will try to ensure, that we don't have the money go toward people that are doing it for investment purposes.

**Comment: (Mayor)**

How did we arrive at that \$55,000 amount? Is there an advantage or some means if it was higher? What would be the advantage if the subsidy went up to 75,000?

**Community Development Response:**

It's a projection based upon the total numbers. We looked at a calculation of about \$80,000 to \$90,000 for property purchases. We looked at our average amount of rehabilitation that we currently spend, which is about \$35,000 to \$40,000 and how much money we wanted to set-aside for subsidy. Then you look at the amount of mortgage that people can qualify for. We don't have a good database for that. When we talked to some of the organization like Housing Finance Authority and some of the other folks, they agree that individuals that are ready to buy, may qualify for a mortgage that's about \$80,000 to \$90,000. So our goal is to look at a particular price point of about \$130,000 to \$140,000 and then back into what the individual can qualify for and it amounts to about \$50,000 to \$55,000 that they would need in subsidy in order to be able to meet that sales price of about 150,000.

And that is obviously something that this Council would have to consider, staff will have some recommendations. Cities across the country deal with that. I think that some of the County programs have some very, very significant subsidies. I'm personally not of the belief philosophically that you should have such deep subsidies, because now you have the individual buyer with less of a vested interest in terms of that purchase than the government assistance. I think the government should be able to provide some assistance, but it should not take the brunt of the responsibility for that purchase, but that's just kind of a personal philosophy.

**Comment: (Mayor)**

If there's a higher subsidy, and the property is purchased at a higher price. I understand that this program says that you cannot purchase the property at the appraised value. You have to purchase it lower. So if there's a house that has a higher appraised value that someone may be interested in, and it is two doors down from Mr. Woods, and it brings a more comparative to his property if it's sold, and then there's an additional \$75,000 of the subsidy, would that kind of balance out this thing of lowering the price of properties already in the neighborhood versus the new property on this maybe coming in?

**Community Development Response:**

It may. But, again, it's based upon how much the individual buyer qualifies for. There is nothing precluding us from doing that, Mayor. We certainly can do that. One of the other components to that is that in that purchase price of \$200,000, we'd have to determine that we would not need any rehabilitation work in that particular house. Remember, we would have to recoup everything that we invested, not only the purchase price, but any rehabilitation. But nothing keeps us from being able to change that activity to say our subsidy amount can go up to \$75,000. The requirement is that we look at those target or priority areas that have already been identified in the documents of the City.

**Comment: (Mayor)**

How do we make a real partnership with some other non-profit that will complete the rehabbing of these properties?

**Community Development Response:**

This is a very important point for the Mayor and everyone to understand. HUD does not make a distinction in terms of the mechanism that any grantee utilizes to carry out its activities. When HUD looks at the Miami Gardens, they're saying, the City got 6.8 million dollars, and it's your responsibility to be able to carry out the approved eligible activities. Now, whether we choose to do it ourselves or through for-profit, non-profit, a combination of thereof, at the end of the day, it is the City's responsibility, and we have to give an account how that happened. It is staff's responsibility to come back to Council in the form of this plan and say this is what we believed to be the most prudent mechanism to be able to carry out that plan.

**Comment: (Vice Mayor)**

There seemed to be some people looking for an investment, and I also seem to have heard some other utilization of homes perhaps rehab. What exactly is this supposed to be a program for? Is it a homeownership program? And it's for occupancy under what guidelines for how many years for the owner that is applying for these monies?

**Community Development Response:**

Yes it is a homeownership program that is intended to stabilize existing neighborhoods from further decline caused by the massive number of foreclosures. The funds are going to be governed by HOME guidelines, which are the housing equivalent to CDBG funds, and it has an affordability period of a minimum of 15 years. Under the eligibility, the home must be owner-occupied, must not be rented or leased. So that is built into the provision if in fact an individual receives a subsidy, whatever the amount is, that is required. And if in fact they decide to sell it within a period of five years, the entire amount has to be repaid. If it exceeds the five years, then there's a sliding scale. 10% is forgiven each year. So we ensure that the intent of the program is maintained through this particular recapture provision.

**G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)***

(1) Activity Name:    **Purchase and rehab of foreclosed properties for rental to households earning up to 50% of AMI.**

(2) Activity Type:    **Acquisition**

(3) National Objective:    **LMC**

(4) Projected Start Date:    **January 2009**

(5) Projected End Date:    **March 2009**

(6) Responsible Organization:    **Department of Community Development, 1515 NW 167 Street, Bldg. 5, Suite 200, Daniel A. Rosemond, Director**

(7) Location Description:    **Citywide**

(8) Activity Description:

**25% of Funds to be provided to households earning less than 50% of A.M.I. (\$1,716,529.70): In a January 2008 presentation to Governor Crist, by the Department of Children & Families' Committee on Health Families, it was reported that as of December 21, 2007 there were 3,941 youth, ages 18 to 23 that would be potentially eligible for the Road to Independence program that provides assistance to youths that are transitioning out of the Foster Care program. The City proposes an activity that will be targeted at providing permanent housing for individuals that are aging out of the state's Foster Care Program. With these funds, the proposed activity will include the purchase of single family homes that have been foreclosed upon and abandoned. These homes will then be rehabilitated and used as rental units for the target population. The City anticipates utilizing an experienced developer to carry out this activity on the City's behalf. The developer will be selected through a formal solicitation process and will hold title to the properties purchased. The properties will contain a restrictive covenant to ensure that their use is in accordance with the sub-recipient agreement that will be executed with the selected developer.**

**I. Total Budget: (Include public and private components) \$1,716,529.70**

**J. Performance Measures**

**Number of units purchased for rehab and subsequent rental to households and individuals at less than 50% of area median income.**



- (1) Activity Name: **Demolition of abandoned housing units.**
- (2) Activity Type: **Clearance and Demolition**
- (3) National Objective: **LMC**
- (4) Projected Start Date: **April 2009**
- (5) Projected End Date: **August 2009**
- (6) Responsible Organization: **Department of Community Development, 1515 NW 167 Street, Bldg. 5, Suite 200, Daniel A. Rosemond, Director**
- (7) Location Description: **Citywide**
- (8) Activity Description:  
**Demolition of abandoned and boarded up housing units (\$130,000): Through the City's Code Enforcement Department, approximately 25 single family units have been identified as blighted structures that in violation of Florida Building Codes. These units (none of which are homestead properties) have gone thru the Special Masters process and deemed eligible for demolition. They have amassed a large number of code enforcement liens that in many instances exceed the property value. As part of the NSP, we believe demolition of these properties will serve to eliminate eyesores to the neighborhoods and should serve to stimulate new home purchases if demolished.**

I. Total Budget: (Include public and private components) **\$130,000**

J. Performance Measures

**Units of demolished housing units**

- (1) Activity Name:    **Purchase of foreclosed properties for resale**
- (2) Activity Type:    **Acquisition for Rehabilitation**
- (3) National Objective:    **LMH**
- (4) Projected Start Date:    **January 2009**
- (5) Projected End Date:    **March 2009**
- (6) Responsible Organization:    **Department of Community Development, 1515 NW 167 Street, Bldg. 5, Suite 200, Daniel A. Rosemond, Director**
- (7) Location Description:    **Citywide**
- (8) Activity Description:    **TBD**  
**Purchase of foreclosed properties (\$2,000,000):** The City proposes to purchase 25 single family housing units in the target neighborhoods identified previously. The criteria for purchasing these units will include (but not be limited to) purchase price below appraised value, location of housing unit, condition of the housing unit, size/amenity desirable to interested buyers. The City anticipates carrying out this activity in one of two ways. 1) City will utilize the services of licensed realtors to negotiate with lenders holding mortgages on these properties and will execute the purchase transaction directly. City will negotiate a discounted purchase price at a minimum of ten percent (10%) of the appraised value of each housing unit. 2) City will execute a sub-recipient agreement with a developer (for profit or not for profit) to act on the City's behalf to purchase properties that meet the above established criteria.

I. Total Budget: (Include public and private components) **\$2,000,000**

J. Performance Measures

**Number of housing units purchased for rehabilitation**

- (1) Activity Name:   **Rehab of units for resale**
- (2) Activity Type:   **Rehab; Single Family Residential**
- (3) National Objective:       **LMH**
- (4) Projected Start Date:   **April 2009**
- (5) Projected End Date:       **October 2009**
- (6) Responsible Organization:       **Department of Community Development, 1515 NW 167 Street, Bldg. 5, Suite 200, Daniel A. Rosemond, Director**
- (7) Location Description:   **Citywide**
- (8) Activity Description:

**Rehabilitation of purchased properties (\$975,977.42): It is the objective of the NSP that these funds be utilized with the primary intent to bring stabilization to the distressed housing market. To that end, the City anticipates purchasing 25 housing units that will be ultimately sold to eligible buyers. However, based on market data, it is an expected condition that properties that have been foreclosed and abandoned are in need of rehabilitation to either meet minimum building code (or housing quality standards-HQS), or to make them aesthetically desirable to the potential buyers. Therefore, this activity proposes utilizing the allocated funds to carry out the rehab activities. Depending on the most expedient manner, the City may choose to administer the individual rehabilitation projects directly or utilize a developer to perform the rehabilitation work on properties that have been purchased.**

I. Total Budget: (Include public and private components) **\$957,977.42**

J. Performance Measures

**Number of housing units rehabilitated for resale to eligible buyers**

- (1) Activity Name: **Subsidy assistance for buyers of purchased properties**
- (2) Activity Type: **Direct Homeownership Assistance**
- (3) National Objective: **LMH**
- (4) Projected Start Date: **December 2008**
- (5) Projected End Date: **December 2009**
- (6) Responsible Organization: **Department of Community Development, 1515 NW 167 Street, Bldg. 5, Suite 200, Daniel A. Rosemond, Director**
- (7) Location Description: **Citywide**
- (8) Activity Description:

**Subsidy assistance for buyers (\$1,375,000):** An essential component of homebuyer programs is subsidy. This is especially critical when targeting household incomes that cannot exceed 120% of A.M.I. The City anticipates making the allocated amount available to eligible buyers that need the subsidy in order to make the purchase transaction feasible. The amount of per unit subsidy will not exceed \$55,000, which is well below the levels allowed under HOME regulations, as per Section 206A. The City proposes that its subsidy assistance be in the form of a 15 year forgivable mortgage loan, with a zero percent interest rate, with a recapture provision.

**Eligibility criteria established for the program includes:**

- **Income must be at or below 120% of Area Median Income adjusted per household size**
- **Home must be owner occupied, and may not be rented or leased**
- **Buyer must attend an 8-Hour Homebuyer Course**

**Recapture terms include:**

- **If the owner ceases to own or occupy the property during the first five (5) years, repayment to the City will be required for the full amount of the loan**
- **For the remaining ten (10) years, the repayment amount will be determined by reducing the loan amount by 10% for each year that the homeowner has owned and occupied the property beyond year five (5)**

**I. Total Budget:** (Include public and private components) **\$1,375,000**

**J. Performance Measures**

**Number of household receiving subsidy assistance to complete the purchase transaction.**

- (1) Activity Name: **Program Administration**
- (2) Activity Type: **General Program Administration**
- (3) National Objective: **N/A**
- (4) Projected Start Date: **December 2008**
- (5) Projected End Date: **March 2010**
- (6) Responsible Organization: **Department of Community Development, 1515 NW 167 Street, Bldg. 5, Suite 200, Daniel A. Rosemond, Director**
- (7) Location Description: **Citywide**
- (8) Activity Description:

**In accordance with HUD's notice governing the use of NSP Funds, grantees may use up to 10% of its allocation for general program administration costs. This activity will include things like advertising, homebuyer counseling, and program staffing.**

**I. Total Budget: (Include public and private components) \$686,611.90**

**J. Performance Measures**

**Successful administration of the NSP program**